

Senate Joint Resolution No. 8

RESOLUTION CHAPTER 113

Senate Joint Resolution No. 8—Relative to social security.

[Filed with Secretary of State September 17, 2001.]

LEGISLATIVE COUNSEL'S DIGEST

SJR 8, Speier. Social security.

This measure would request the federal government to implement the principles regarding the social security system espoused by the Older Women's League in making changes to that system and express the opposition of the Legislature to privatizing the social security system.

WHEREAS, For more than 20 years, the Older Women's League has served as a voice for the concerns of midlife and older women; and

WHEREAS, The Older Women's League has put forth the following principles regarding women and Social Security:

(1) Social Security must always remain an earned right. America's government has a contract with its older citizens to enable them to have a secure retirement. Social Security is an integral component of that compact, and must always provide equitable coverage for those who have paid for it.

(2) Social Security should be an equitable program. Women, the disabled, racial and ethnic minorities, low- and moderate-income working people, and families must all be treated in a way that will provide fair and equal outcomes today and in the future. Structural barriers in the design of the Social Security system that have the unintended consequence of creating inequities must be removed for future recipients.

(3) Social Security should be genuinely gender-neutral in its outcomes. The specific inequities faced by women, caused by their traditional employment histories and life patterns, must be specifically addressed so that women of future generations will, when they retire, receive all the benefits to which they are entitled.

(4) Social Security should provide adequacy-maintaining benefit levels for all recipients. As pension coverage and savings decline for many persons, a larger proportion of retirement income will come from Social Security. Any proposed "across the board" benefit cuts implemented in efforts to maintain the program's solvency would disproportionately harm women and minorities; temporary, seasonal and part-time workers; and the chronically under- and unemployed.

(5) All existing and new revenue sources must be explored before any changes in Social Security's structure are undertaken to assure its future solvency. Modification of existing program fundamentals, such as the calculations of cost-of-living increases through the Consumer Price Index, changes in the retirement age, and raising the floor for the taxation of benefits; as well as ideas such as income caps, earnings sharing, taxation of unearned income, shifts in the allocation of spousal and survivor benefits, and the use of general revenues, must be carefully analyzed for their consequences for women, and their distributional impact generally, before any radical changes that could destroy the foundation of the program are proposed.

(6) Social Security must keep Americans secure. No changes should affect current recipients.

(7) Major changes in Social Security must not be made in isolation. Any changes in benefits or revenues must be considered in the context of projected changes in Medicare, medicaid, private retirement benefits and other aspects of the government's social insurance programs that have a profound impact on women's lives.

(8) Information on the impact of Social Security reform must be provided to the public by the Social Security Administration. Adequate funding should be provided for comprehensive public education about Social Security and any changes being proposed. The distributional and other effects of structural reform and other proposed policy options for Social Security and other programs administered by the Social Security Administration must be analyzed and made publicly available; and

WHEREAS, The Older Women's League expresses concern that a federal commission has been directed to recommend that part of the Social Security system be privatized, as follows:

The President's Commission to Strengthen Social Security (hereafter "the Commission") has been ordered to recommend a plan in which the outcome, privatization, is already predetermined. While the Commission has been instructed to report its recommendations or a plan to alter the Social Security system, the President has provided a "roadmap of six principles" that the Commission must follow. One of these principles is that the plan must include "individually controlled, voluntary personal retirement accounts." Thus, the Commission is not required to conduct a study of whether privatization is feasible or advisable, but rather it is required to recommend a plan to privatize a portion of the existing Social Security system; and

WHEREAS, The Older Women's League points out that women have more to lose from privatization due to factors such as the following:



(1) Many older women depend almost entirely on the Social Security system for their income. Nearly half of women over 65 years of age rely on Social Security for 90 percent of their retirement income.

(2) Women experience more years out of the labor market as they volunteer their time to raise families and care for family members. This work pattern reduces their contributions into the Social Security system.

(3) A system of private accounts would disadvantage women since they would start with less to invest, due to lower annual salaries, and would have fewer working years for private account funds to accumulate. Thus, American workers stand to lose from privatization and women in the workforce would be especially hard hit.

(4) Women would lose the often desperately needed cost-of-living adjustment (COLA) built into the current Social Security program, and because of their longevity would face the very real possibility of outliving their assets. Most women, particularly those receiving the smallest benefits, would receive even less income under privatization schemes than under the current system. There is not a single private annuity available today that provides protection against inflation; and

WHEREAS, Privatization accounts may undermine the promise that Social Security has offered to Americans for 66 years. By allowing individuals to withhold part of their contributions, the financial viability of the entire Social Security system will suffer, and its social insurance principle will be undermined. Withholding funds from the Social Security Fund does nothing to ensure the solvency of Social Security in the future, when the demands on the system will be greater. Diverting funds away from Social Security will serve to accelerate the time when the Social Security Fund will have insufficient funds to pay all beneficiaries; and

WHEREAS, Privatization fundamentally changes the structure of the system from one based on guaranteed benefits and shared risk to a system based on individual investments and individual risk. The fall in the stock market in the year 2000 shows that investments are not guaranteed, and indicate that privatized benefits can be placed at risk; now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature endorses these principles and concerns; and be it further

Resolved, That the federal government is respectfully requested to take appropriate steps to implement the principles and address the concerns expressed by the Older Women's League in making changes to the Social Security system; and be it further

Resolved, That the Senate and Assembly of the State of California oppose privatizing Social Security; and be it further

Resolved, That the Secretary of the Senate transmit copies of this resolution to the President and Vice President of the United States, the Speaker of the House of Representatives, the Minority Leader of the House of Representatives, the Majority Leader of the Senate, the Minority Leader of the Senate, to each Senator and Representative from California in the Congress of the United States and to the President's Commission to Strengthen Social Security.

